PRESS GUIDANCE July 14, 1981

BUTTER

Q: Why is the US considering selling butter to New Zealand? Would New Zealand resell the butter under the US or New Zealand label? Does the State Department still oppose disposal of this butter to the Soviet Union?

A: As I said yesterday, the Administration is actively exploring various ways of disposing of the butter stockpile which is accumulating in Commodity Credit Corporation storehouses. Part of the exploratory activity has been to discuss the world butter market with New Zealand, one of the most knowledgeable countries on this subject. Butter exports are more important to New Zealand than to any other country and New Zealand has expressed considerable interest in discussing our plans with us. New Zealand is one of our closest allies and we do not want to take any action in an area as sensitive as this without consulting with it. Recent news reports have given considerable attention to one possible way of disposing of the CCC butter, a sale to New Zealand. There have been no final decisions, either in State or in the Administration overall, on how to deal with the CCC's butter problem. Thus, any discussions as to packaging or labelling would likewise be premature. The State Department is working closely with the Department of Agriculture and other concerned agencies to find an appropriate solution which best serves U.S. interests. Whatever the final decision on the butter is, it will be an Administration decision reached after interagency consultations It would not be appropriate to go into the question of who

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in the Administration is saying what to whom at this time.

Drafted by: EB/OFP/FPD:GMiller:js
7/14/81 ext. 20646

Cleared by: EB/OFP/FPG:MGoldman
EB/ORF:MCalingaert
EA/ANZ:PLangford
EUR/SOV:NBurakow
EB:EJohnston